

Message Text

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DRAFTED BY EB/CSB/BP:WBLOCKWOOD:VJW

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JUSTICE - DGOLDSWEIG

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO USMISSION OECD PARIS

UNCLAS STATE 191252

E.O. 11652: N/A

TAGS: ETRD, UK

SUBJECT: ANTITRUST: HAWKER SIDDELEY GROUP INVESTIGATION

1. THE DEPARTMENT OF JUSTICE INFORMED THE DEPARTMENT OF AN INVESTIGATION IT IS CONDUCTING INTO POSSIBLE VIOLATIONS OF SECTION 7 OF THE CLAYTON ACT DUE TO ANTI-COMPETITIVE EFFECTS OF THE SALE OF A PORTION OF THE ONAN CORPORATION (U.S.) TO THE HAWKER SIDDELEY GROUP LTD. (UK).

2. ON ABOUT JULY 16 STUDEBAKER-WORTHINGTON ANNOUNCED THAT IT HAD AGREED IN PRINCIPLE WITH HAWKER SIDDELEY GROUP, LTD. TO SELL A PORTION OF ITS 80 PERCENT OWNERSHIP IN ONAN CORPORATION TO HAWKER SIDDELEY GROUP, LTD. HAWKER SIDDELEY WILL FIRST MAKE A TENDER OFFER TO PUBLIC SHAREHOLDERS TO OBTAIN THE 20 PERCENT PUBLICLY HELD INTEREST IN ONAN. STUDEBAKER-WORTHINGTON WILL THEN TENDER A PORTION OF ITS INTEREST IN ONAN SO THAT EACH COMPANY, I.E., STUDEBAKER-WORTHINGTON AND HAWKER SIDDELEY, WILL OWN 50 PERCENT OF ONAN.

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3. ONAN CORPORATION IS A MAJOR U.S. MANUFACTURER OF

ENGINES, GENERATORS, AND GENERATOR SETS. HAWKER SIDDELEY IS A MAJOR WORLDWIDE MANUFACTURER OF THE SAME OR SIMILAR PRODUCTS. THE JUSTICE INVESTIGATION IS PURSUANT TO SECTION 7 OF THE CLAYTON ACT. INITIAL LETTERS OF INQUIRY WERE MAILED TO HAWKER SIDDELEY'S AMERICAN SUBSIDIARY, HAWKER SIDDELEY, INC., STUDEBAKER AND ONAN IN LATE JULY. ON AUGUST 11 ADDITIONAL LETTERS WERE SENT TO ONAN'S COUNSEL AND TO COUNSEL REPRESENTING HAWKER SIDDELEY, INC., AND HAWKER SIDDELEY LIMITED. ALL OF THESE LETTERS SEEK INFORMATION OR DOCUMENTS WHICH WOULD BE PERTINENT TO THE INVESTIGATION.

4. PURSUANT TO THE 1967 OECD RECOMMENDATION ON NOTIFICATION AND COOPERATION ON ANTITRUST MATTERS, REQUEST THAT THE EMBASSY INFORM THE UK OFFICE OF FAIR TRADING, CHANCERY HOUSE, 53 CHANCERY LANE, OF THIS INVESTIGATION AND REPORT ANY SIGNIFICANT REACTIONS. KISSINGER

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